

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

|   |   |                                     |
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| In the Matter of the Fifth Prudence Review of | ) |                                     |
| Costs Subject to the Commission-Approved Fuel | ) | <b><u>File No. EO-2014-0242</u></b> |
| Adjustment Clause of KCP&L Greater Missouri   | ) |                                     |
| Operations Company                            | ) |                                     |

**ORDER DIRECTING NOTICE, ACKNOWLEDGING AUTOMATIC PARTIES,  
ESTABLISHING AN INTERVENTION DEADLINE  
AND SETTING A DEADLINE FOR REQUESTING A HEARING**

Issue Date: March 5, 2014

Effective Date: March 5, 2014

On March 4, 2014, the Commission's Staff filed a notice indicating it that started its prudence audit of KCP&L Great Missouri Operations Company's ("GMO") fuel adjustment clause on March 3, 2014. Section 386.266.4(4), RSMo Supp. 2012, the statute that authorizes an electric utility to use a fuel adjustment clause, requires the Commission to conduct a prudence review of the utility's fuel costs no less frequently than at 18-month intervals. The 18-month prudence review is also required by Commission Rule 4 CSR 240-20.090(7), which states:

(7) Prudence Reviews Respecting RAMs.<sup>1</sup> A prudence review of the costs subject to the RAM shall be conducted no less frequently than at eighteen (18)-month intervals.

(A) All amounts ordered refunded by the commission shall include interest at the electric utility's short-term borrowing rate.

(B) The staff shall submit a recommendation regarding its examination and analysis to the commission not later than one hundred eighty (180) days after the staff initiates its prudence audit. The timing and frequency of prudence audits for each RAM shall be established in the general rate proceeding in which the RAM is established. The staff shall file notice within ten (10) days of starting its prudence audit. The commission shall issue an order not later

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<sup>1</sup> 4 CSR 240.090(1)(G) defines "RAM" as follows: "Rate adjustment mechanism (RAM) refers to either a fuel adjustment clause or interim energy charge."

than two hundred ten (210) days after the staff commences its prudence audit if no party to the proceeding in which the prudence audit is occurring files, within one hundred ninety (190) days of the staff's commencement of its prudence audit, a request for a hearing.

1. If the staff, OPC or other party auditing the RAM believes that insufficient information has been supplied to make a recommendation regarding the prudence of the electric utility's RAM, it may utilize discovery to obtain the information it seeks. If the electric utility does not timely supply the information, the party asserting the failure to provide the required information must timely file a motion to compel with the commission. While the commission is considering the motion to compel the processing timeline shall be suspended. If the commission then issues an order requiring the information to be provided, the time necessary for the information to be provided shall further extend the processing timeline. For good cause shown the commission may further suspend this timeline.

2. If the timeline is extended due to an electric utility's failure to timely provide sufficient responses to discovery and a refund is due to the customers, the electric utility shall refund all imprudently incurred costs plus interest at the electric utility's short-term borrowing rate.

Because the rule requires Staff to file its recommendation regarding the audit no later than 180 days after it initiates the audit, Staff's audit will be due no later than Tuesday September 2, 2014<sup>2</sup>. Additionally, the deadline for requesting a hearing will be September 9, 2014. The Commission will give notice of the commencement of Staff's audit to potentially interested parties, and will set a date for the filing of requests to intervene.

Commission Rule 4 CSR 240-3.161(10) provides that parties to the rate case in which the Commission established GMO's fuel adjustment clause are automatically parties to this prudence audit, without the necessity of having to apply for intervention. GMO's fuel adjustment clause was most recently established in the report and order issued by the Commission in File No. ER-2012-0175. The Commission acknowledges that the parties to File No. ER-2012-0175 are parties to this case and are not required to file applications to

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<sup>2</sup> The 180-day period actually falls on Saturday August 30, 2014, but pursuant to Commission Rule 4 CSR 240-2.050(1), since that day is a Saturday and the next Monday is a legal holiday, the deadline is extended until the following Tuesday.

intervene. The Commission will direct its Data Center to add those persons and entities to the service list.

**THE COMMISSION ORDERS THAT:**

1. The Commission's Data Center shall add all parties in File Number ER-2012-0175 to the certified service list for this file. In addition to providing electronic notice of this order through the Commission's Electronic Information and Filing System, the Data Center shall send a copy of this order to those parties by regular mail.
2. Any entity wishing to intervene in this matter shall file an application to intervene no later than March 26, 2014.
3. Any request for a hearing shall be filed no later than September 9, 2014.
4. This order shall become effective immediately upon issuance.



**BY THE COMMISSION**

A handwritten signature in dark ink, reading "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Michael Bushmann, Regulatory Law  
Judge, by delegation of authority  
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this 5<sup>th</sup> day of March, 2014.